



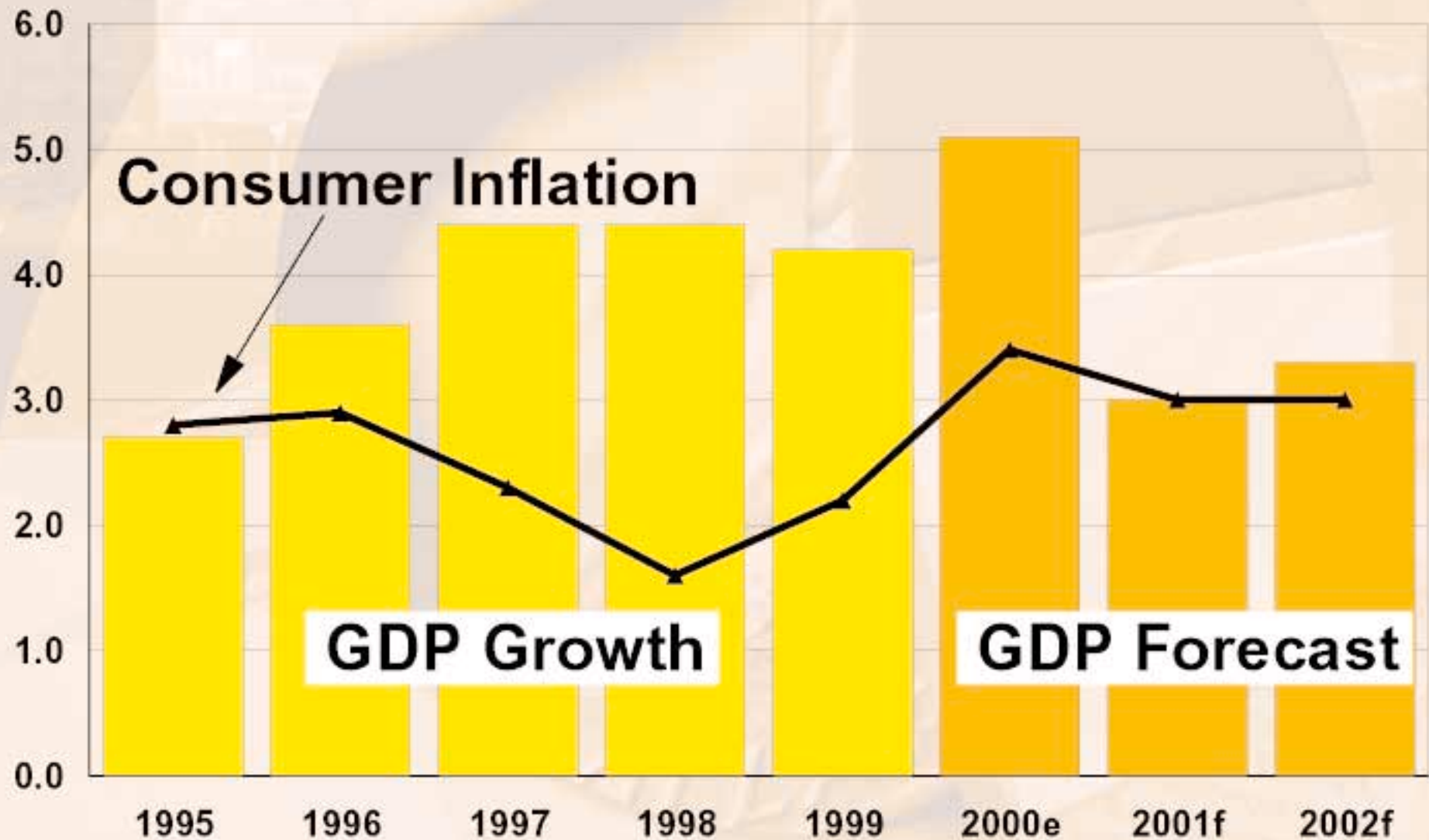
Which Way L.A.?

(or What's Up With the Sleeping Giant?)

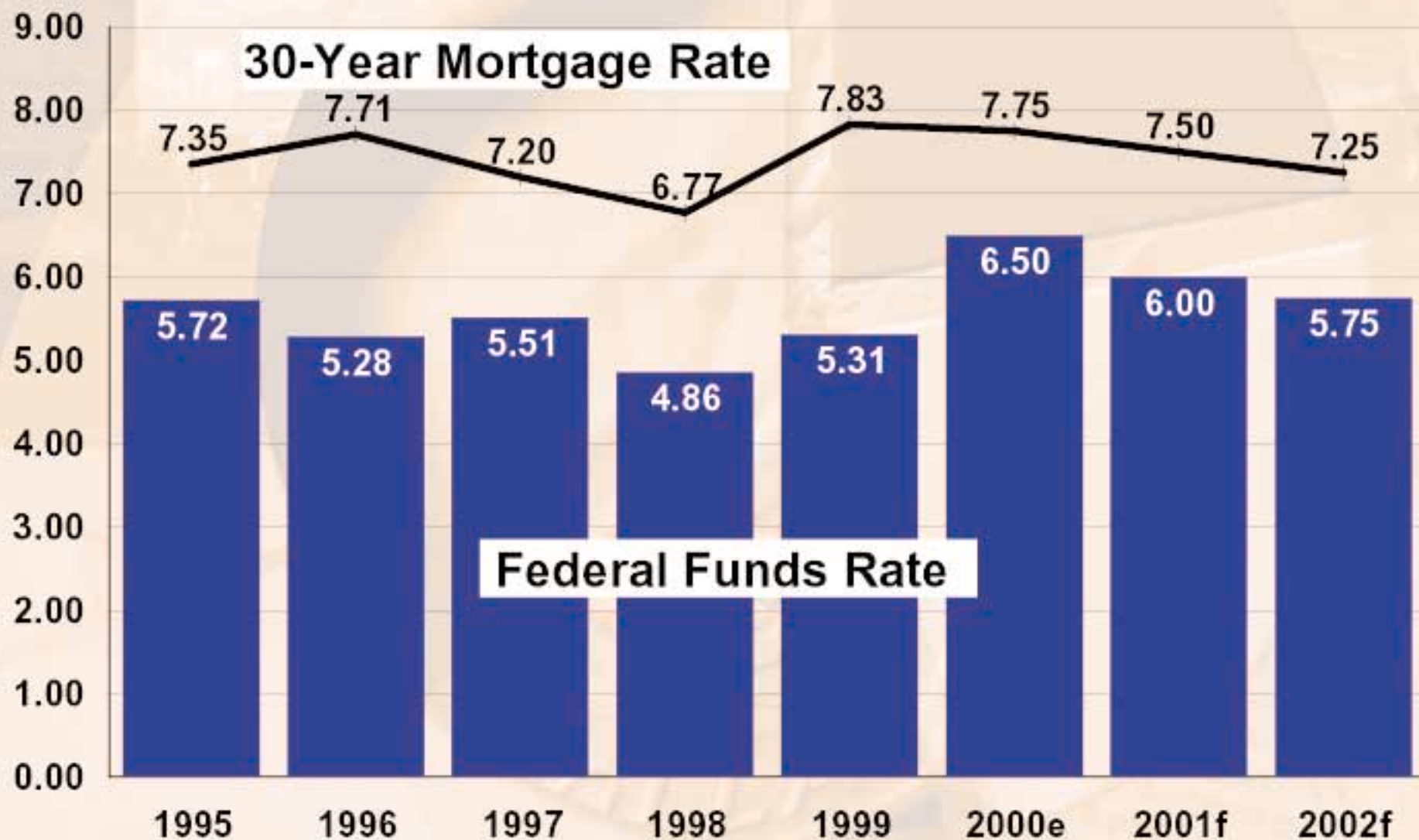
***The LAEDC Forecast for Los Angeles County
for the SCAG 2001-2002 Regional Economic Forecast
December 8, 2000***

By Jack Kyser, Chief Economist

Growth & Inflation in U.S. Will Slow (% change from a year ago)



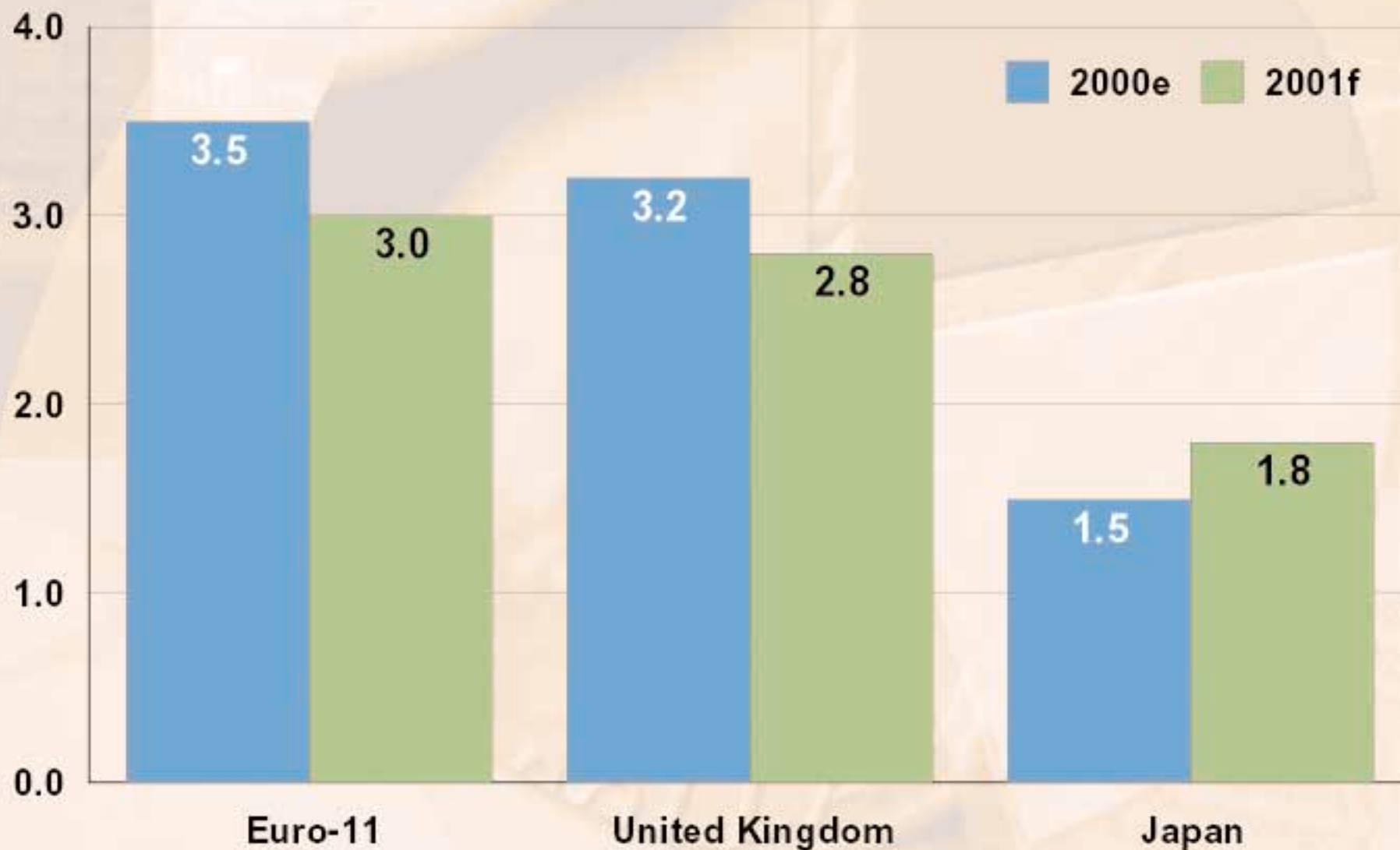
Interest Rates Will Edge Down (Percent, 4th quarter averages)



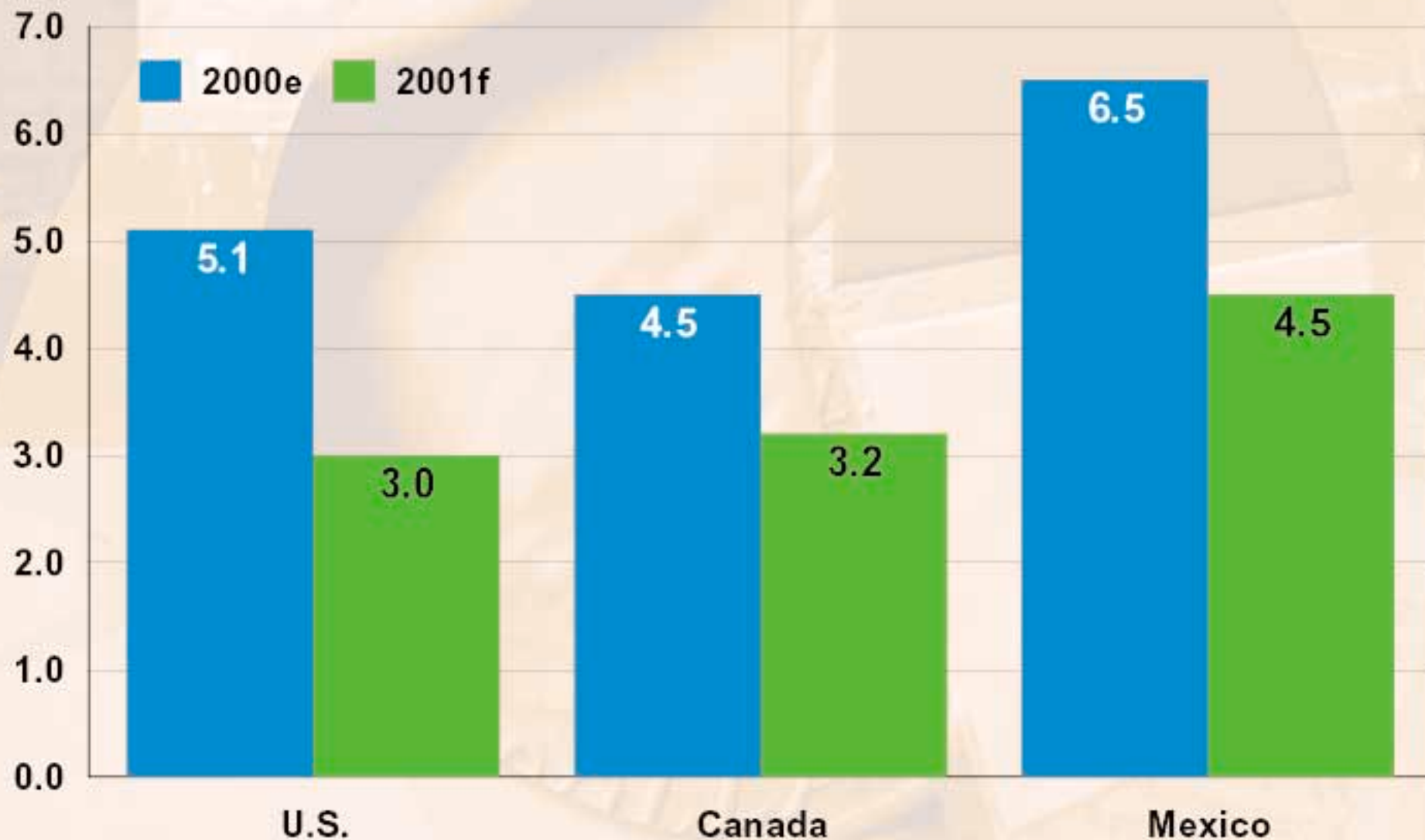
Key National Issues

- Past interest rate increases
- Increased focus by lenders on credit quality
- Higher energy costs
- Volatile stock markets
- Murky policy environment
- Consumer sentiment slipping ("Overstuffed")

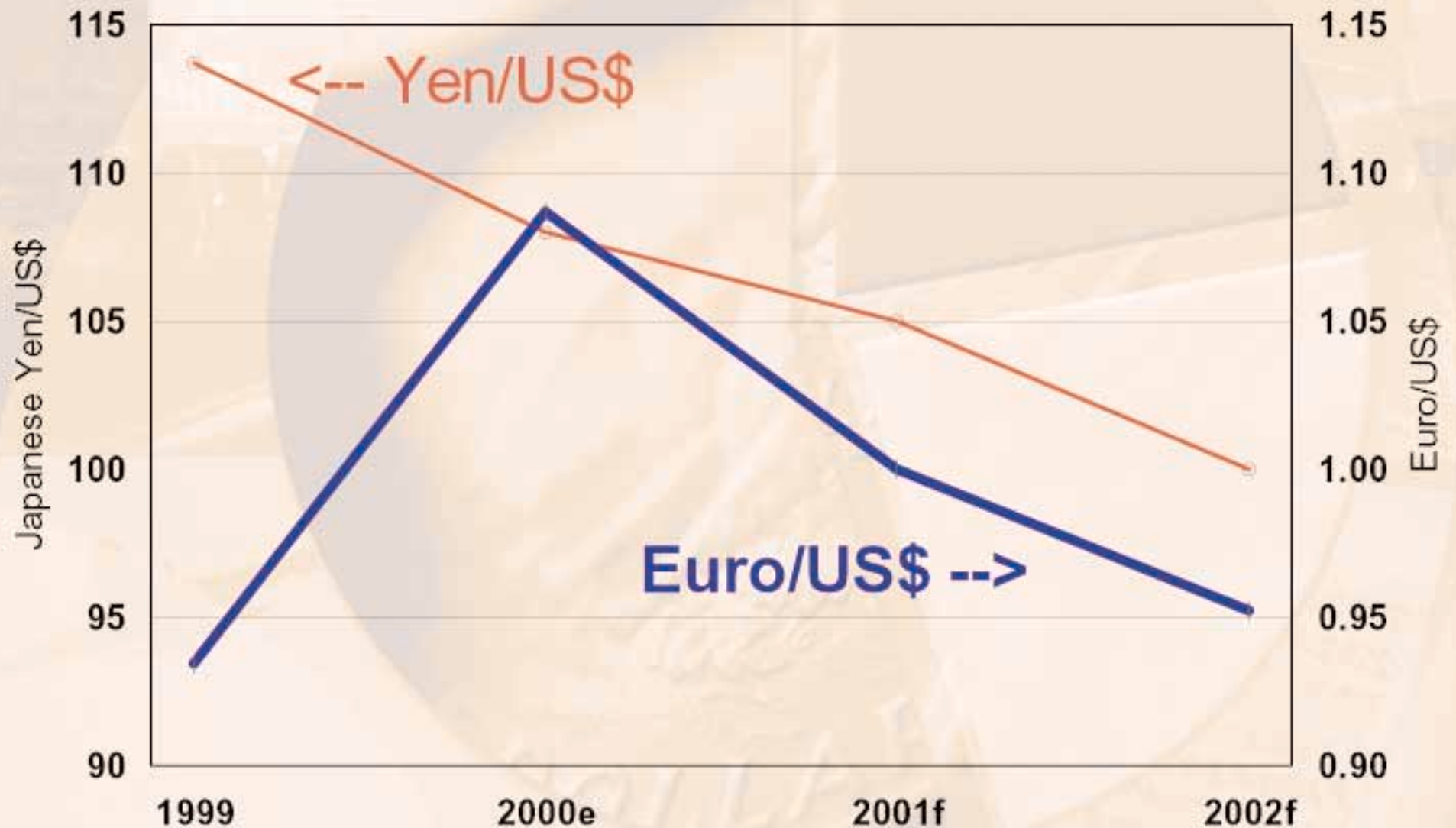
Growth in Most Industrial Countries to Slow in 2001 (% change in GDP over a year ago)



NAFTA Countries Coming Off 2000 Peaks (% change in GDP over a year ago)



Dollar to Weaken Against Euro & Yen



Slower Growth in California After a Stellar 2000

	Total Nonfarm Employment (% chg.)	Unemployment Rate (%)
1998	3.7%	5.9%
1999	3.0	5.2
2000 _e	3.6	4.9
2001 _f	2.8	5.0
2002 _f	3.0	4.8

Key State Issues

National Issues +

- Energy availability and costs -- natural gas & electricity
- Workers' Compensation Insurance costs up
- Health care costs up
- Minimum wage hike

2001 Economic Balance Sheet for Los Angeles County

Positives

- International trade
- Tourism
- Technology industries
- Infrastructure projects, private expansions
- Population growth

Challenges

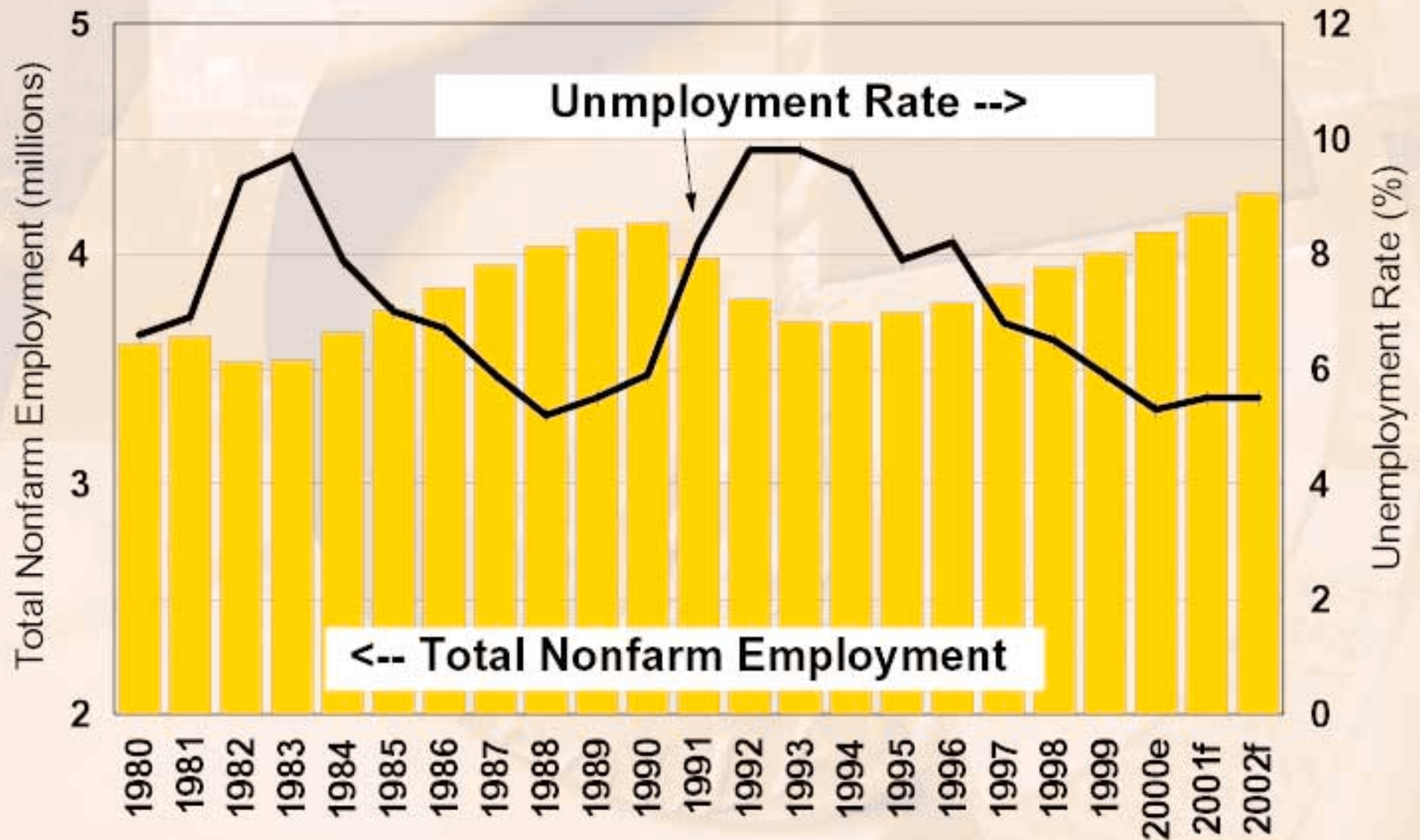
- Motion picture labor situation
- Aerospace downsizing
- Apparel job losses
- Shortage of industrial space

Major Industries in the Los Angeles Metro Area

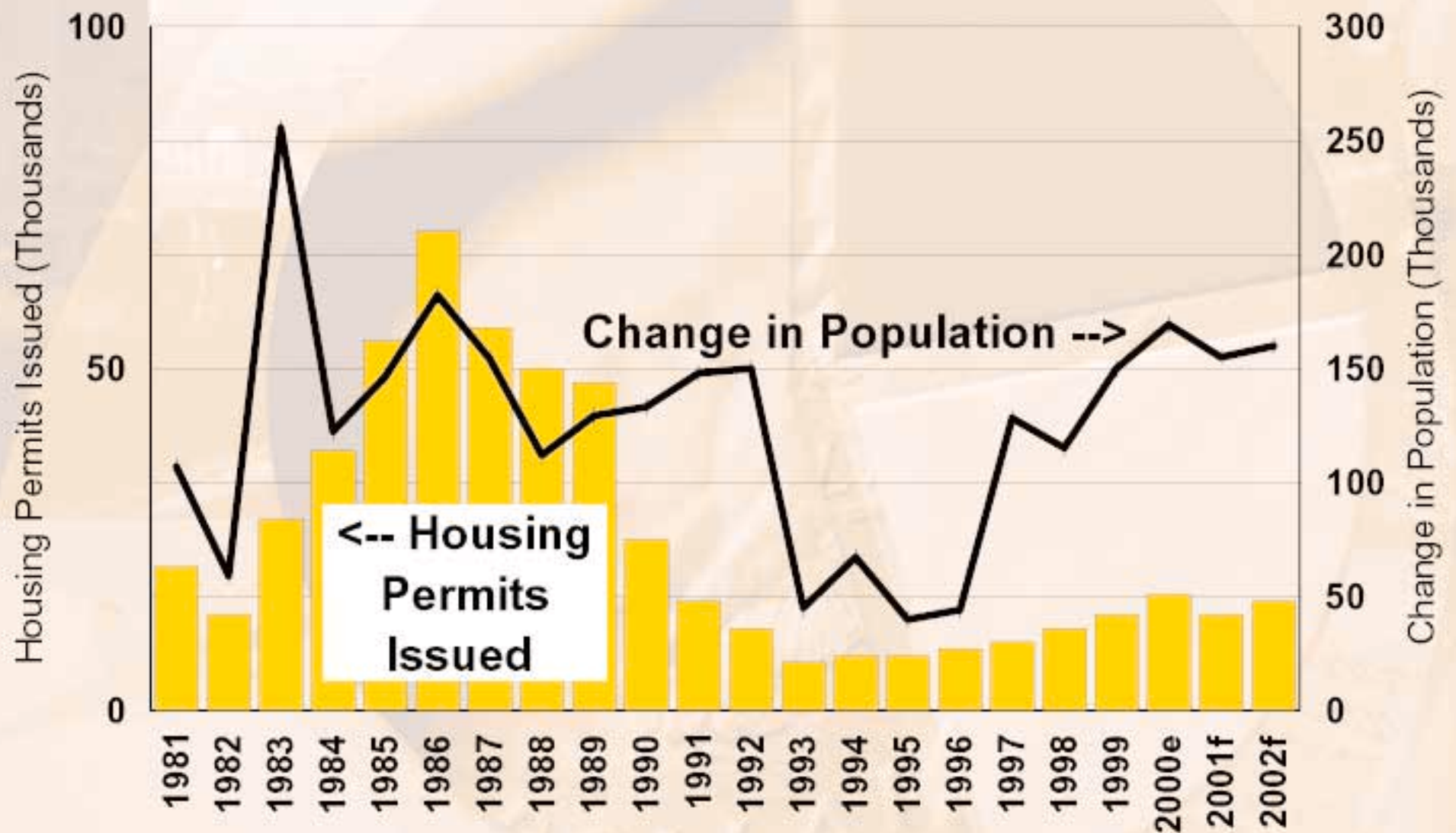
== Score Card ==

Tourism	A
Bio-medical	A
International Trade	A-
Business & Professional Services	A-
Technology	B+
Financial Services	B+
Construction	B+
Fabricated Metal Products	B-
Motion Picture/TV Production	C
Apparel Design & Manufacturing	C
Health Services	C
Aerospace	C-
Retailing	C-

All Jobs Lost in Early '90s Recovered by mid-'01

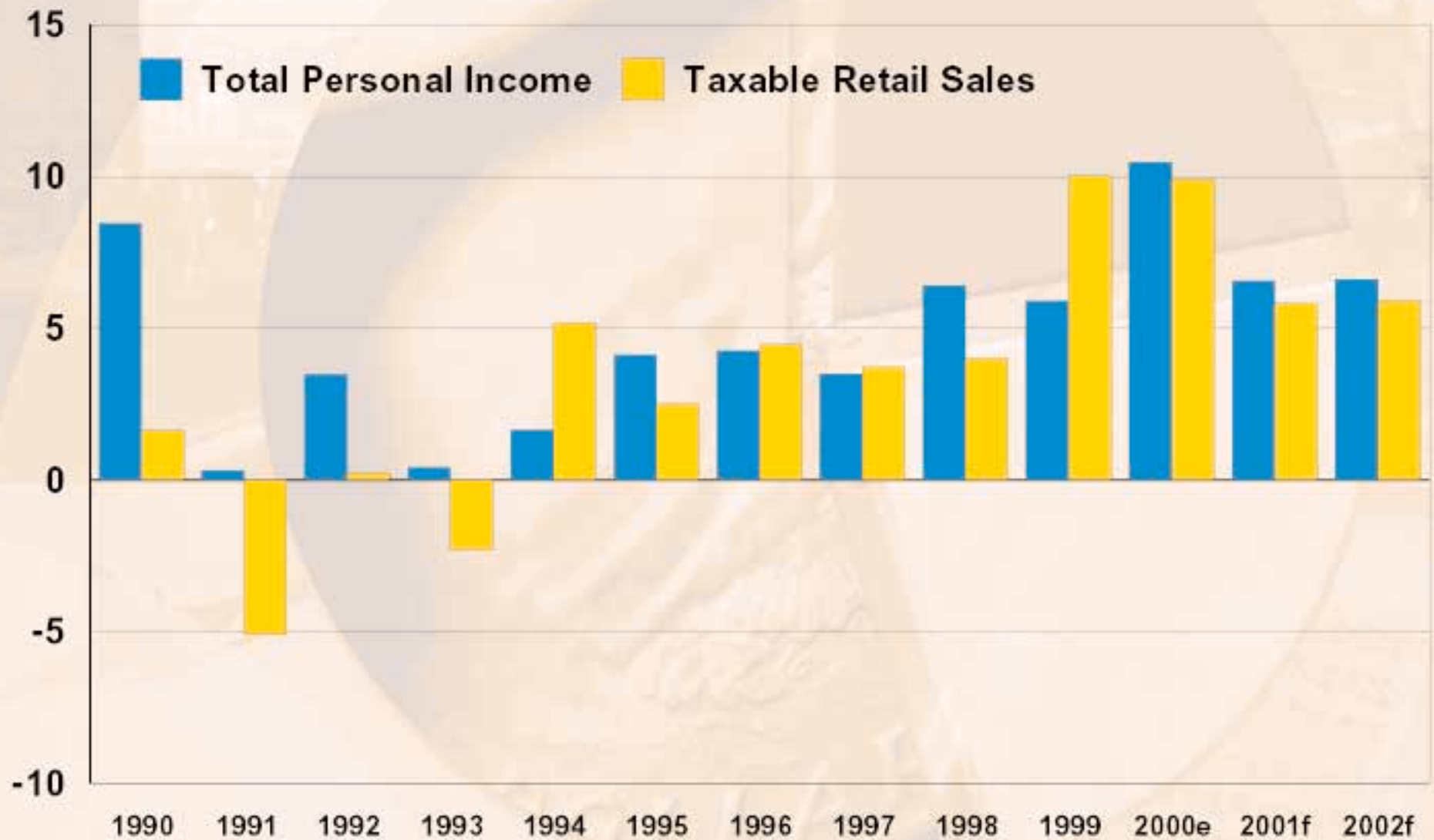


Los Angeles County Housing & Population

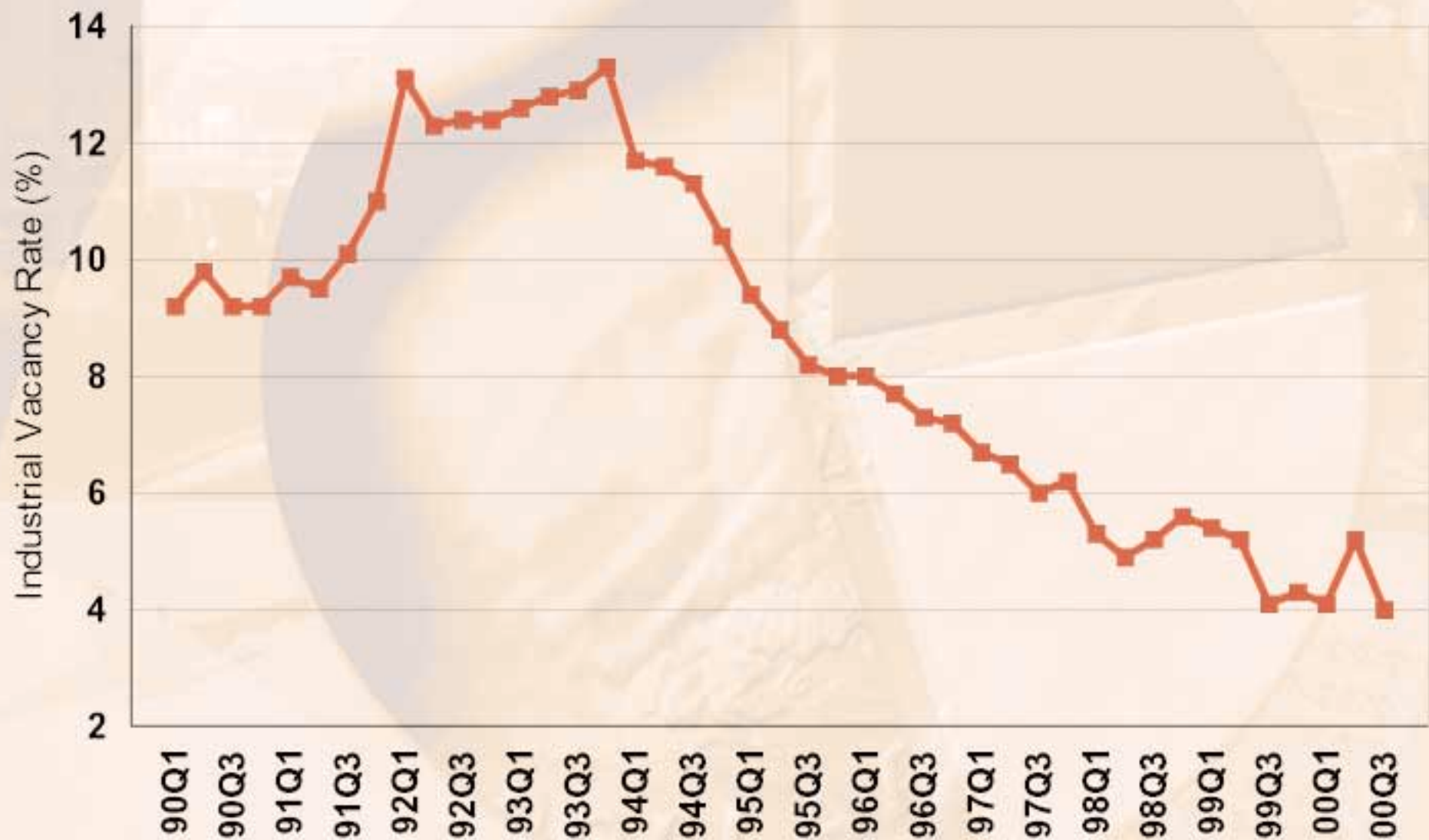


Los Angeles County "persons per household" ratio: 3.140

L.A. County Personal Income & Taxable Retail Sales (% change from a year ago)



More Industrial Space Needed in Los Angeles County



Source: Grubb & Ellis Research Services

Los Angeles County & The New Economy

- A more diverse base
- A small-to-medium sized business base
- Do the statistics capture it all?

Issues

- Workforce training/education
 - ▶ K-12
 - ▶ Re-training
- Land use
 - ▶ Industrial space
 - ▶ Residential
 - ▶ Retail
- Infrastructure
 - ▶ LAX
 - ▶ Freeways
 - ▶ Schools
 - ▶ Water

Questions That Will Impact the Giant's Future

- Best economic development practices
- Improving product knowledge
- Regional thinking regarding the assets of Los Angeles